



HEALTH SYSTEMS DIVISION

Kate Brown, Governor



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Joseph A. Dougher
President and CEO
APS Healthcare Quality Review, Inc.
dba KEPRO, Inc.
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E-mail: jdougher@kepro.com

Re: State of Oregon Personal/Professional Services
Contract Number 151473

Dear Mr. Dougher,

On behalf of the Oregon Health Authority ("OHA"), I am writing pursuant to Exhibit B, Section 10 of the State of Oregon Personal/Professional Services Contract Number 151473 (the "Contract"). Specifically, I am providing formal notice to APS Healthcare Quality Review, Inc. dba KEPRO, Inc. ("KEPRO") that KEPRO shall be in default under the Contract if KEPRO fails to cure the material breaches described below within 14 calendar days from the date of this notice. Section 3 of Exhibit A of the Contract requires KEPRO to "provide a comprehensive, seamless, statewide program of Care Coordination services to [fee-for-service] clients with a focus on improving healthcare outcomes and eliminating access barriers." KEPRO has failed to meet its obligations as part of a comprehensive, seamless, statement program of Care Coordination Services because KEPRO has failed to perform work required under the Contract and described in detail below within the contractually specified time.

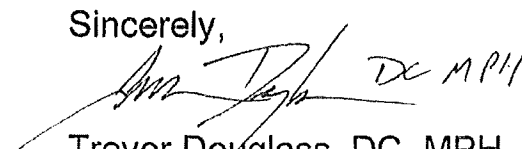
First, Exhibit A, Part 2, Section 7b(13) of the Contract requires KEPRO to collect and report specified data for the 1915(i) quality assurance report. The Contract requires KEPRO to report this data quarterly. KEPRO has failed to provide any quarterly reports pursuant to Exhibit A, Part 2, section 7b(13) of the Contract. KEPRO must submit a report that satisfies Exhibit A, Part 2, section 7b(13) of the Contract within 14 calendar days of this notice.

Second, Exhibit A, Part 2, Section 7g requires KEPRO to develop and provide an ongoing accessible report containing information about fee for service members that are currently in a licensed level of care. The Contract identifies 16 different data elements upon which KEPRO must provide information. KEPRO's current census report fails to report item numbers 3, 4, 5, 6, 7, 9, 10, 11, 14, 15, and 16. KEPRO must provide the missing data elements within 14 calendar days.

Third, Exhibit A, Part 2, Section 4e of the Contract as added by Amendment No. 1 requires KEPRO to commence, no later than September 1st, 2016, Evaluations for Prior Authorization (PA) of Services for the fee-for-service population. KEPRO has failed to commence all of the required PAs. KEPRO must commence all of the required PAs within 14 calendar days from the date of this notice.

Fourth, Exhibit A, Part 2, Section 4e(5) of the Contract as added by Amendment No. 1 requires KEPRO to connect the Evaluation and Prior Authorization process to the acuity rating for fee-for-service clients served to ensure that services are clinically appropriate and timely (i.e. coordinated). To date, KEPRO has failed to provide any evidence that it has connected the Evaluation and Prior Authorization process to the acuity rating for fee-for-service clients. KEPRO must provide evidence that it has connected the Evaluation and Prior Authorization process to the acuity rating for fee-for-service clients within 14 calendar days. In conclusion, OHA seeks to promote full compliance with the Contract to provide Oregon's fee for service Medicaid members with the benefits to which they are entitled. Towards that goal, KEPRO must act promptly to cure the breaches outlined in this letter. If KEPRO fails to cure these material breaches within 14 days of the date of this notice, OHA reserves the right to terminate the Contract at its discretion pursuant to Exhibit B, Section 10 of the Contract.

Sincerely,



Trevor Douglass, DC, MPH
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